

END SEMESTER EXAMINATION, MAY - 2026**M. B. A. Semester - IV****Paper Code: 542135****Subject Name: Venture Financing****Subject Code: MBAF210****Time allotted: 03 Hours****Max. Marks: 100****Note: Read all the instructions carefully.**

Q.1		VERY SHORT ANSWER QUESTIONS – Attempt All.	(10x2 = 20 Marks)
a.		What is Private Equity (PE)?	CO1
b.		What are the main components of a business model?	CO1
c.		What is meant by a Leveraged Buyout (LBO)?	CO1
d.		Which financial statements are commonly used in financial modelling?	CO1
e.		What are the different forms of investment made by funds?	CO1
f.		Explain how facilitators help in mobilizing resources for funds.	CO2
g.		Describe how private equity funds are structured and how they operate.	CO2
h.		Explain why assumptions are important in financial modelling.	CO2
i.		Discuss the steps involved in the due diligence process in private equity investments.	CO2
j.		Explain the types of support provided by private equity firms after making an investment.	CO2
Q.2		SHORT ANSWER QUESTIONS – Attempt any Five.	(5x4 = 20 Marks)
a.		Apply the concept of the J-Curve to illustrate the expected performance pattern of a newly established private equity fund over time.	CO3
b.		Apply the concepts of IRR and Equity IRR to assess the feasibility of a proposed investment project.	CO3
c.		Demonstrate how due diligence findings influence the final investment decision in private equity.	CO3
d.		Analyze the impact of changes in macroeconomic conditions, particularly interest rates and inflation, on private equity investment decisions. Examine how these factors influence investment strategies, valuation, and expected returns.	CO3
e.		Analyze the key factors influencing the performance of private equity investments. Examine how these factors affect investment returns and overall fund performance.	CO4
f.		Analyze the differences between LBO and MBO transactions and their strategic implications.	CO4
g.		Analyze the benefits and challenges of listing on the Emerge platform for small and medium enterprises.	CO4

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Q.3 STRUCTURED QUESTIONS – Attempt any Three.			(3x10 = 30 Marks)
a.	A startup is seeking funding from a venture capital firm. The investor agrees to invest ₹2 crore for a 25% equity stake in the company. Apply the concepts of pre-money and post-money valuation to determine the value of the firm before and after the investment. Also, calculate the ownership percentage of the founders after the investment		CO4
b.	Evaluate the different stages of the Private Equity (PE) investment process, from deal sourcing to exit. Explain how each stage helps in reducing risk and creating value, and justify which stages are most important for making investment decisions		CO4
c.	Evaluate the steps that start-ups should follow while conducting due diligence on a venture capital (VC) fund. Explain how these steps help in choosing the right investor and assess their importance in ensuring a successful long-term partnership.		CO5
d.	Assess the strategic significance of deal flow and screening in the private equity investment process. Evaluate how effective deal sourcing and systematic screening mechanisms contribute to investment performance and risk management. Substantiate your answer with appropriate arguments and illustrations		CO5
Q.4 Case Analysis/ Situation Based QUESTIONS – Attempt any Two.			(2x15 = 30 Marks)
a	Critically evaluate the benefits of listing (IPO or platforms such as SME/Emerge exchanges) from the perspective of investors. To what extent do factors such as liquidity, price discovery, transparency, and exit opportunities enhance investor value? Justify your answer by also examining the potential limitations and risks associated with listed investments.		CO5
b	A private equity firm is considering an investment in an infrastructure project with the following details: Initial Investment: ₹60,00,000 Project Life: 5 years Expected Annual Cash Inflows: Year 1: ₹10,00,000 Year 2: ₹14,00,000 Year 3: ₹18,00,000 Year 4: ₹20,00,000 Year 5: ₹25,00,000 The firm's required rate of return (discount rate) is 13%. The project is financed using: 50% Debt and 50% Equity Interest rate on debt: 9% per annum Principal repayment: Entire amount repaid at the end of Year 5 a) Compute the Project IRR based on total cash flows. b) Calculate the Equity IRR, considering debt servicing		CO6
c	Critically evaluate the relevance and applicability of the J-Curve effect in private equity investments. To what extent does the J-Curve accurately represent the performance pattern of modern PE funds? Justify your answer by examining its limitations and the factors that may alter its shape in real-world scenarios		CO6
